

Message Text

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PAGE 01 SEOUL 05618 272249Z

70

ACTION EA-07

INFO OCT-01 ISO-00 EB-05 RSC-01 DRC-01 /015 W

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5583

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E.O. 11652: N/A

TAGS: EINV KS

SUBJECT: UNION CARBIDE INVESTMENT PROPOSAL

REF: A SEOUL 4634 B NEWSOM-ADLER TELECON 27 AUG

1. EPB ON AUGUST 22, APPROVED TWO PROPOSALS FOR FOREIGN INVESTMENT IN LIQUEFIED GAS PLANTS. FIRST JOINT VENTURE PROPOSAL (HONAM HIGH PRESSURE GAS CO.) INCLUDED INVESTMENT OF \$750,000 OR 50 PERCENT OF EQUITY BY UNITED STEEL AND STRIP CORP. (US&S) OF THE US, PLUS A \$5,656,000 LOAN FROM L'AIR LIQUIDE OF FRANCE. SECOND PROPOSAL (HANKUK JESAN CO.) FOR A \$250,000 (50 PERCENT OF EQUITY) INVESTMENT BY TEIKOKU SANJO (TKKS) OF JAPAN WITH A \$2.3 MILLION LOAN FROM TOKYO MITSUBISHI OF JAPAN.

2. DEPUTY PRIME MINISTER, TAE WAN SON, PERSONALLY ADVISED DIRECTOR OF THESE APPROVALS THE NEXT DAY. DIRECTOR AT THAT TIME REITERATED EMBASSY UNDERSTANDING OF ADVANTAGES OF UNION CARBIDE (UC) PROPOSAL, STRESSING ALLEGED CONTROLLING INTEREST IN TKKS BY L'AIR LIQUIDE. TAE PROMISED HE WOULD INVESTIGATE BACKGROUND ON THESE APPROVALS. DIRECTOR WAS TOLD BY TAE THAT UC APPLICATION WOULD BE APPROVED. WITT OF UC ALSO STATED HE EXPECTS APPROVAL OF UC PROPOSAL.

3. IN SUBSEQUENT CALL ON DIRECTOR, DICK WITT, UC REPRESENTATIVE, DISCUSSED SITUATION AND SUGGESTED HE

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SEND LETTER TO TAE REITERATING UC'S INTEREST IN KOREAN

MARKET AND WILLINGNESS TO RESOLVE CONFLICTS IN THEIR PROPOSAL WITH ROKG. DIRECTOR CONCURRED WITH WITT'S IDEA. UC'S LETTER WAS DELIVERED TO TAE ON 26 AUGUST.

4. EMBASSY HAS GIVEN FULL ASSISTANCE AT ALL LEVELS TO UC APPLICATION AND WILL CONTINUE TO DO SO. UC APPROVAL ITSELF IS NO PROBLEM AND IS EXPECTED BY SEPTEMBER 10, BUT AS LONG AS UC REMAINS ADAMANT ON SOLE POSSESSION OF KOREAN MARKET WE DOUBT KOREANS CAN ACCOMMODATE THEM.

5. WE WILL KEEP DEPARTMENT PROMPTLY INFORMED OF FURTHER DEVELOPMENTS IN THIS CASE.
ERICSON

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Message Attributes

Automatic Decaptioning: X
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Disposition Date: 28 MAY 2004
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Type: TE
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